

~~TOP SECRET~~

LOGGED

*Hold*  
*03.0*  
*PEG*  
*SH/PA ADs file*  
*Hold*

NSA Declassification/Release  
Instructions on File

THIS DOCUMENT CONTAINS CODE WORD MATERIAL

### WARNING

This document contains classified information affecting the national security of the United States within the meaning of the espionage laws, US Code, Title 18, Sections 793, 794, and 798. The law prohibits its transmission or the revelation of its contents in any manner to an unauthorized person, as well as its use in any manner prejudicial to the safety or interest of the United States or for the benefit of any foreign government to the detriment of the United States.

THIS DOCUMENT MUST BE KEPT IN COMMUNICATIONS  
INTELLIGENCE CHANNELS AT ALL TIMES

It is to be seen only by US personnel especially indoctrinated and authorized to receive COMMUNICATIONS INTELLIGENCE information; its security must be maintained in accordance with COMMUNICATIONS INTELLIGENCE REGULATIONS.

No action is to be taken on any COMMUNICATIONS INTELLIGENCE which may be contained herein, regardless of the advantages to be gained, unless such action is first approved by the Director of Central Intelligence.

GROUP 1  
EXCLUDED FROM AUTOMATIC DOWNGRADING  
AND DECLASSIFICATION

~~TOP SECRET~~

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

OCT '63

BASES OF CRR ESTIMATE OF SOVIET GOLD RESERVES

A. General

The CRR estimate of Soviet gold reserves is based essentially on estimates of accretions to and deletions from reserves for each year of the period from 1920 to the present time. The year 1920 is used because this was the first year that the disposition of the former Czarist gold reserves was sufficiently clear to permit a reasonably accurate estimate of the amount acquired by the new Soviet government. The estimate is derived from a report by V. J. Novitsky, formerly Vice-Minister of Finance of the Omsk Government and is confirmed by several authorities of that period.

Two direct checks on the accuracy of estimates of reserves derived by this methodology are available. One is found in Soviet data released in 1937 giving the ruble value of gold held by the Gosbank and the ruble value of gold transferred to the People's Commissariat of Finance in 1936. The second check can be derived from a statement by officials of the Moscow Narodnyy Bank (London) regarding the size of Soviet gold reserves at the end of 1960. This estimate agrees with the CRR estimate of gold holdings at the end of 1960 within a few million dollars.

B. Production

Estimates of gold production in the USSR during the period 1920-1963 were derived as follows:

1. Estimates of annual production during the 1920's are based on Soviet statistics.

2. Estimates of annual production during the 1930's are based on estimates made by the American Legation in Riga, Latvia, on reporting and estimates made by the American Embassy in Moscow, and on estimates made by the US Federal Reserve in Washington. These estimates were derived from analyses of Soviet statements, published and private, and on Soviet announcements of quarterly and annual percentage increases in production.

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

Several checks on estimates of production in this period are as follows:

a. A graph of Soviet gold production for each year of the period 1930-36 was published in a Russian periodical in 1937. The base year of this graph is 1930, a year for which the estimate of gold production is quite firm. The accuracy of this graph is believed to be confirmed by the fact that it was used again in 1958 in a book written by a Soviet gold authority to show Soviet gold production during the 1930-36 period.

25X1

b. The testimony of [REDACTED]

[REDACTED] is believed to be a reliable check of the general order of magnitude. Although [REDACTED] did not fulfill his promise to provide analysts at the Federal Reserve with his estimates of Soviet gold production, he did acknowledge that the estimates derived from the graph mentioned above were essentially accurate.

c. Soviet statements regarding comparability of production of several large segments of the gold industry in the 1950's to production of these segments in the 1930's provide a check on the order of magnitude of estimates of total production in the 1930's.

3. Estimates of annual production during the 1940's are derived by interpolating production for the years between 1940 and 1950. The interpolation is modified by known developments in the gold industry during this period.



- 2 -

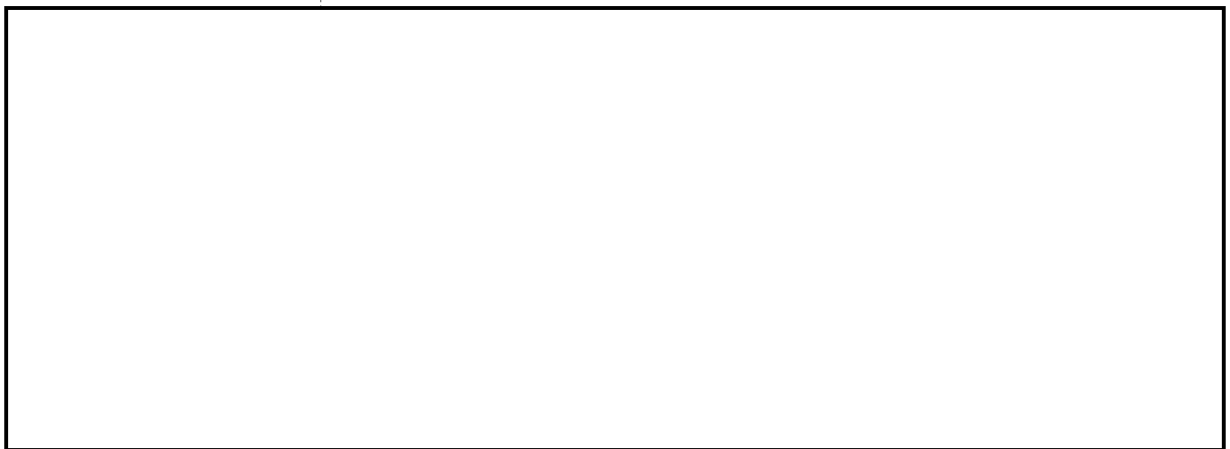
~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

C. Sales to the Free World

Estimates of Soviet annual sales of gold to the Free World during the period 1920-1963 were derived as follows:

1. Estimates of Soviet annual sales of gold during 1920-1939 are based on estimates made by the Federal Reserve Bank of New York.
2. Estimates of Soviet annual sales of gold during 1940-1954 are based on estimates made by the Bank for International Settlements.
3. Estimates of Soviet annual sales of gold from 1955 to the present time are based essentially on the following sources:
  - a. Samuel Montagu's Annual Bullion Review which provides excellent coverage of Soviet gold marketed in London.



25X1

& NSA  
25X3 &  
25X9

D. Other Accretions and Deletions

Other significant accretions to the supply of gold are as follows:

1. Collections of gold from the Soviet population in the early 1930's made a fairly significant addition to the Soviet supply of gold. These estimates are based on several sources but the accuracy of these estimates is open to question.
2. A large quantity of gold was sent to the USSR for safe keeping by the Spanish Royalist Government in the late 1930's. This gold was retained by the USSR after the fall of the Royalist government. The estimate of the quantity retained is believed to be accurate within 1 or 2 million ounces.

- 3 -

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~

3. The gold holdings of the Baltic countries are believed to have been appropriated by the USSR when these countries were absorbed into the Soviet Union. Estimates of the small quantities acquired by the USSR are based on reports of the gold holdings of these countries before being invaded by the USSR.

4. The gold production of North Korea in particular and of China for certain years during the period 1946-1959 is believed to have been shipped to the USSR. Information regarding these shipments is not conclusive, but the weight of evidence is in favor of believing they took place.

Deletions from Soviet reserves other than sales to the Free World are:

1. Estimates of domestic consumption of gold in the USSR are based primarily on analogy to US practice modified by numerous Soviet published references to consumption.

25X1

& NSA 25X1

- 4 -

~~TOP SECRET DINAR~~  
~~NO FOREIGN DISSEM~~